			3. The investors may be required to alter the content of the investment or discontinue the investment process, depending on the screening result. 4. A technology introduction contract between a resident and a non-resident related to aircraft industry is subject to the prior notification requirement and screening procedure under the *Foreign Exchange and Foreign Trade Law*. 5. The screening is conducted from the viewpoint of whether the conclusion of the technology introduction contract is likely to cause a situation in which national security is impaired, the maintenance of public order is disturbed, or the protection of public safety is hindered. 6. The resident may be required to alter the provisions of the technology introduction contract or discontinue the conclusion of that contract, depending on the screening result. 7. The number of licences conferred to manufactures and service suppliers in those sectors may be limited. 8. An enterprise which intends to produce aircraft and supply repair services is required to establish a factory related to manufacture or repair aircraft under the laws and regulations of Japan.
	Measures	:	*Foreign Exchange and Foreign Trade Law* (Law No. 228 of 1949), Articles 27, 28 and 30 *Cabinet Order on Foreign Direct Investment* (Cabinet Order No. 261 of 1980), Articles 3 through 5 *Aircraft Manufacturing Industry Law* (Law No. 237 of 1952), Articles 2 through 5

LIST B

EXPLANATORY NOTES

1. This List B sets out, in accordance with paragraph 2 of Article 8.8 (Schedules of Non-Conforming Measures) and paragraph 2 of Article 10.8 (Reservations and Non-Conforming Measures), the entries made by Japan with respect to specific sectors, subsectors, or activities for which it may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

   (a) Article 8.4 (National Treatment) or Article 10.3 (National Treatment);

   (b) Article 8.5 (Market Access);

   (c) Article 8.6 (Most-Favoured-Nation Treatment) or Article 10.4 (Most-Favoured-Nation Treatment);

   (d) Article 8.11 (Local Presence);

   (e) Article 10.6 (Prohibition of Performance Requirements); or

   (f) Article 10.7 (Senior Management and Board of Directors).[17, 18]

2. Each entry sets out the following elements:

   (a) **Sector** refers to the general sector for which the entry is made;

   (b) **Subsector** refers to the specific sector for which the entry is made;

   (c) **Industry Classification** refers, where applicable, and only for transparency purposes, to the activity covered by the entry according to domestic or international industry classification codes;

   (d) **Type of Obligation** specifies the obligations referred to in paragraph 1 for which the entry is made;

   (e) **Description** sets out the scope of the sector, subsector, or activities covered by the entry; and

   (f) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sector, subsector, or activities covered by the entry.

3. In the interpretation of an entry, all elements of the entry shall be considered. The Description element shall prevail over all the other elements.

4. With respect to financial services:

   (a) for prudential reasons within the context of Article 4 (Prudential Measures) of Annex 8A (Financial Services), Japan shall not be prevented from taking measures such as non-discriminatory limitations on juridical forms of a commercial presence. For the same reasons, Japan shall not be prevented from applying non-discriminatory limitations concerning admission to the market of new financial services which shall be consistent with a regulatory framework aimed at achieving such prudential objectives. In this context,

[17] For the purposes of this List B, “Senior Management and Board of Directors” (Article 10.7) specified in the “Type of Obligation” includes the obligation in relation to any measure affecting the supply of a service, which is imposed in accordance with paragraph 3 of Article 10.2 (Scope).

[18] For transparency purposes, entries in this List B may include measures taken by Japan in accordance with Article 10.15 (Security Exceptions), Article 17.12 (General Exceptions), or Article 17.13 (Security Exceptions).